

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
	) Chapter 11
)
FRANCHISE GROUP, INC., <i>et al.</i> , ¹	) Case No. 24-12480 (LSS)
)
	) (Jointly Administered)
)
Debtors.	) <u>Objection Deadline:</u>
	) April 3, 2025 at 4:00 p.m. (ET)

**SUMMARY OF SECOND
MONTHLY FEE STATEMENT OF ERNST & YOUNG LLP
AS TAX, VALUATION, AND ACCOUNTING SERVICES PROVIDER TO
THE DEBTORS FOR COMPENSATION FOR PROFESSIONAL SERVICES
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED FOR THE
PERIOD FROM JANUARY 1, 2025 THROUGH AND INCLUDING JANUARY 31, 2025**

Name of Applicant: Ernst & Young LLP

Authorized to Provide Professional Services to: Debtors and Debtors in Possession

Date of Retention: November 3, 2024 (order entered January 7, 2025)

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

Period for which compensation and reimbursement is sought:	January 1, 2025 through January 31, 2025
Amount of Compensation sought as actual, reasonable and necessary:	\$285,345.00
80% of Compensation sought as actual, reasonable and necessary:	\$228,276.00
Amount of Expense Reimbursement sought as actual, reasonable, and necessary:	\$0.00

This is a(n) X monthly ____ interim ____ final application.

This application includes 0 hours and \$0.00 in fees incurred in connection with the preparation of fee applications.

Prior Applications:

Date Filed / Docket No.	Period Covered	Requested		Approved	
		Fees	Expenses	Fees	Expenses
2/28/25 D.I. 1039	11/3/24 – 12/31/24	\$105,030.00	\$0.00	Pending	\$0.00
TOTAL		\$105,030.00	\$0.00	Pending	\$0.00

SUMMARY OF BILLING BY PROFESSIONAL
JANUARY 1, 2025 THROUGH AND INCLUDING JANUARY 31, 2025

Name	Rank	Time	Hourly Rate	Total Individual Fees
Anwer, Sarah	Senior	28.0	\$400.00	\$11,200.00
Bakke, Don	Partner	0.5	\$1,250.00	\$625.00
Berryman, Mike	Partner	0.6	\$750.00	\$450.00
Boylan, Cavan	Manager	9.7	\$500.00	\$4,850.00
Caruso, Thierry	Partner	0.5	\$750.00	\$375.00
Chan, Eileen	Managing Director	2.8	\$700.00	\$1,960.00
Deravin, Susan	Senior Manager	55.9	\$600.00	\$33,540.00
Doherty, Julia	Senior	13.4	\$410.00	\$5,494.00
Dubroff, Andy	Executive Director	1.0	\$1,150.00	\$1,150.00
Escobedo, Mary	Senior	1.0	\$600.00	\$600.00
Galarza, Damien	Senior	47.5	\$400.00	\$19,000.00
Gatt, Katie	Senior Manager	2.5	\$950.00	\$2,375.00
Hallford, Stephanie	Manager	3.3	\$625.00	\$2,062.50
Harvey, Elizabeth	Partner	2.1	\$1,250.00	\$2,625.00
Higgs, Ashley	Senior	8.1	\$400.00	\$3,240.00
Hill, Andrea	Partner	1.3	\$1,250.00	\$1,625.00
Hornecker, Peter	Partner	2.9	\$750.00	\$2,175.00
Howard, Rebecca	Senior Manager	0.5	\$750.00	\$375.00
Hsiao, Elicia	Senior Manager	41.5	\$950.00	\$39,425.00
Huynh Tho vo, Le	Staff	20.2	\$275.00	\$5,555.00
Huynh Tho vo, Le	Staff	2.8	\$225.00	\$630.00
Jones, Kenisha	Senior	2.0	\$410.00	\$820.00
Kemp, Bennett	Manager	2.7	\$625.00	\$1,687.50
Korbutt, Brian	Partner	31.1	\$1,250.00	\$38,875.00
Lanns, Gerohn	Partner	0.6	\$750.00	\$450.00
Leno, Georges	Managing Director	19.0	\$700.00	\$13,300.00
Lewis, Jason	Staff	23.3	\$250.00	\$5,825.00
Lowe, Chade	Senior Manager	17.6	\$600.00	\$10,560.00
McGrane, Jason	Partner/Principal	1.6	\$750.00	\$1,200.00
Newman, Christina	Senior Manager	2.7	\$600.00	\$1,620.00
Nordhoff, Matt James	Senior	7.7	\$400.00	\$3,080.00
O'Connor, Lily	Senior	4.0	\$600.00	\$2,400.00
O'Connor, Lily	Senior	10.1	\$410.00	\$4,141.00

Name	Rank	Time	Hourly Rate	Total Individual Fees
O'Connor, Lily	Senior	2.6	\$300.00	\$780.00
Ohrnstein, Mike	Managing Director	6.1	\$700.00	\$4,270.00
Polascik, Erin	Senior Manager	0.4	\$600.00	\$240.00
Robison, Greg	Manager	13.2	\$500.00	\$6,600.00
Sargent, Amy	Executive Director	0.5	\$1,150.00	\$575.00
Shirley, Kris	Partner/Principal	1.6	\$750.00	\$1,200.00
Summers, Caroline	Staff	32.4	\$250.00	\$8,100.00
Tucker, Howard	Partner	2.6	\$1,250.00	\$3,250.00
Urbina, Mathew	Executive Director	1.8	\$875.00	\$1,575.00
Van Hargett, William	Senior	18.4	\$400.00	\$7,360.00
Wagler, Derrick	Partner	0.5	\$1,250.00	\$625.00
Ward, James	Manager	3.8	\$500.00	\$1,900.00
Winfrey, Kelly	Senior Manager	11.5	\$950.00	\$10,925.00
Winfrey, Kelly	Senior Manager	14.6	\$750.00	\$10,950.00
Winfrey, Kelly	Senior Manager	0.7	\$650.00	\$455.00
Yuan, Kris	Staff	13.0	\$250.00	\$3,250.00
	Non-Fixed Fee Total	492.2		\$285,345.00
	Consolidated Total	492.2		\$285,345.00

Blended Hourly Rate: \$579.73

STATEMENT OF FEES BY PROJECT CATEGORY
JANUARY 1, 2025 THROUGH AND INCLUDING JANUARY 31, 2025

Time Category	Category Descriptions	Total Hours	Total Fees
State Notice and State Audit Assistance	Assistance with state notices and state audits.	6.1	\$1,865.00
IRS Audit Assistance	Assistance with the Franchise Group New HoldCo, LLC 2019 IRS audit and Appeals process.	1.2	\$900.00
Debt Restructuring Tax Assistance	Assistance with tax implications of various restructuring scenarios.	100.1	\$105,075.00
Valuation Assistance	Annual goodwill and long lived asset impairment testing.	125.6	\$44,575.00
Accounting Assistance	Assistance with technical accounting applicable standard for financial reporting.	191.8	\$101,170.00
Routine On-Call Services	Miscellaneous assistance related to bankruptcy administration along with request and review of IRS transcripts as a result of a notice.	9.8	\$6,257.50
2024 Tax Provision Assistance	Assistance with 2024 tax provision preparation.	57.6	\$25,502.50
	Total	492.2	\$285,345.00
	Non-Fixed Fee Total	492.2	\$285,345.00
	Consolidated Total	492.2	\$285,345.00

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:))
FRANCHISE GROUP, INC., <i>et al.</i> ¹	)	Chapter 11
))
	)	Case No. 24-12480 (LSS)
))
	)	(Jointly Administered)
))
Debtors.	)	<u>Objection Deadline:</u>
	)	April 3, 2025 at 4:00 p.m. (ET)

**SECOND
MONTHLY FEE STATEMENT OF
ERNST & YOUNG LLP AS TAX, VALUATION,
AND ACCOUNTING SERVICES PROVIDER TO THE
DEBTORS FOR COMPENSATION FOR PROFESSIONAL SERVICES
RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED FOR THE
PERIOD FROM JANUARY 1, 2025 THROUGH AND INCLUDING JANUARY 31, 2025**

Pursuant to sections 330 and 331 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 2016-1 of the Local Rules of Bankruptcy Practice and Procedure

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Estate Professionals* [D.I. 353] (the “Interim Compensation Order”), Ernst & Young LLP (“EY LLP”) hereby files this second monthly fee statement (this “Monthly Fee Statement”), for allowance of compensation for professional services performed by EY LLP during the period commencing January 1, 2025 through and including January 31, 2025 (the “Fee Period”). In support of the Monthly Fee Statement, EY LLP respectfully states as follows:

Background

1. On November 3, 2024 (the “Petition Date”), each of the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a voluntary petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On January 7, 2025, the Court entered the *Order (I) Authorizing the Retention and Employment of Ernst & Young LLP as Tax, Accounting and Valuation Services Provider Effective as of November 3, 2024, and (II) Granting Related Relief* [D.I. 669] (the “Retention Order”) authorizing the retention and employment of EY LLP as the Debtors’ tax, accounting, and valuation services provider, effective as of the Petition Date.

Relief Requested

3. By this Monthly Fee Statement and in accordance with the Interim Compensation Order, EY LLP makes this application for (i) allowance of compensation in the amount of \$285,345.00 for reasonable and necessary professional services rendered, (ii) payment of compensation in the amount of 80% thereof (*i.e.*, \$228,276.00), and (iii) payment of \$0.00 for actual and necessary expenses incurred.

A. Compensation Requested

4. The services performed by EY LLP during the Fee Period included tax, accounting, and valuation services approved pursuant to the Retention Order. Attached hereto as **Exhibit A** is a detailed itemization, by project category, of all services performed by EY LLP during the Fee Period with respect to the Chapter 11 Cases. This detailed itemization complies with Local Rule 2016-1 in that (a) each time entry contains a separate time allotment, a description of the type of activity and the subject matter of the activity; (b) all time is billed in tenth-hour increments; (c) time entries are presented chronologically in categories; and (d) all meetings are detailed with specificity and individually identified.

5. The timekeepers who rendered services related to each category are identified in **Exhibit A**, along with the number of hours for each individual, the position of each individual, and a description of the specific tasks performed by each individual. All services for compensation were performed for, or on behalf of, the Debtors.

B. Expense Reimbursement

6. EY LLP did not incur any out-of-pocket expenses during the Fee Period.

Valuation of Services

7. EY LLP's professionals have expended a total of 492.2 hours in connection with this matter during the Fee Period.

8. The amount of time spent by each of the EY LLP's professionals providing services to the Debtors for the Fee Period is set forth in **Exhibit A**. The rates charged are EY LLP's normal hourly rates of compensation for work of this character. The reasonable value of the services rendered by EY LLP for the Fee Period as tax, accounting, and valuation services provider for the Debtors in the Chapter 11 Cases is \$285,345.00 (80% thereof is \$228,276.00).

9. EY LLP believes that the time entries included in **Exhibit A** are in compliance with the requirements of Local Rule 2016-1.

10. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given (a) the complexities of the Chapter 11 Cases; (b) the time expended; (c) the nature and extent of the services rendered; (d) the value of such services; and (e) the costs of comparable services other than in a case under this title.

WHEREFORE, EY LLP respectfully requests that the Court (i) approve the Monthly Fee Statement and (ii) grant such further relief as is just and proper.

March 13, 2025

/s/ Andrea Hill

Andrea Hill
Partner/Principal
Ernst & Young LLP

CERTIFICATION OF ANDREA HILL

I, Andrea Hill, pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief, and after reasonable inquiry, hereby certify that:

1. I am a Partner/Principal with Ernst & Young LLP (“EY LLP”), and I am duly authorized to make this certification on behalf of EY LLP. EY LLP was retained by Franchise Group, Inc. and its affiliated debtors (collectively, the “Debtors”). This certification is made in support of the *Second Monthly Fee Statement of Ernst & Young LLP as Tax, Accounting, and Valuation Services Provider to the Debtors for Compensation for Professional Services Rendered and Reimbursement of Expenses Incurred for the Period from January 1, 2025 Through and Including January 31, 2025* (the “Monthly Fee Statement”) and in compliance with rule 2016-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

2. I have read the Monthly Fee Statement, and I certify that the Monthly Fee Statement substantially complies with Local Rule 2016-1.

3. The facts set forth in the foregoing Monthly Fee Statement are true and correct to the best of my knowledge, information, and belief.

March 13, 2025

/s/ Andrea Hill
Andrea Hill
Partner/Principal
Ernst & Young LLP